costs, low margins, low business volumes relating to branch network and poor recoveries.

(e) Does not arise since no pay revision has been effected in the RRBs in 1995-96.

Recession in Indian Economy

422. SHRI VAYALAR RAVI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that recession is looming over the Indian economy;

(b) if so, what are the reasons for such a trend in the Indian economy; and

(c) the steps taken to prevent the trend of recession?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) According to the revised estimates of the Central Statistical Organisation (CSO), the growth rate of the real Gross Domestic Product (GDP) improved from 6.3 per cent in 1994-95 to 6.6 per cent in 1995-96.

During the current year, agriculture is expected to record an impressive growth on account of better spread of normal rainfall. As per the latest information available, industrial production registered a growth rate of 9.3 per cent in April-July, 1996 compared with 12.3 per cent in April-July, 1995. This slow-down cannot be regarded as recession since cyclical fluctuations in production are part of dynamics of the growth process. Besides, the slow down is essentially due to poor performance by electricity and mining, manufacturing sector which contributes 77.4 per cent to industrial production registered a growth rate of 11.7 per cent, in April-July, 1996 which is almost the same as 11.9 per cent recorded in April-July, 1995. As per growth rate by use-based classification, capital goods (18.6 per cent), intermediate goods (11.1%) and consumer goods (9.6%) also performed very well in April-July, 1996.

Given these trends of industrial and agricultural production, real GDP growth rate in the current year 1996-97 is likely to be the same as year registered last year. On the external front foreign exchange reserves (excluding gold & SDRs) have also improved from US $ 17.04 billion at the end of March, 1996 to $ 19.9 billion as on 13th November, 1996.

(c) A number of policy measures have been announced by the Reserve Bank of India to ensure that genuine productive activities get adequate credit. These include substantial scaling down of cash reserve ratio (from 14 per cent of net demand and time liabilities in March 1996 to 11.5 per cent at present; it is proposed to be reduced further to 10 per cent by January, 1997), raising of export credit limit (from 10 per cent of net bank credit to 12 per cent by end March 1997) as also permitting commercial banks to provide foreign currency denominated loans. Banks have also been advised to reduce their prime lending rates (PLR) for all advances and to announce the maximum spread over PLR.

Rejection of Foreign Investment Promotion Board's Recommendation to approve the Tie-up between Financial Times and *Business Standard*

423. SHRI RAJUBHAI A. PARMAR:
SHRIMATI VEENA VERMA:
SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether Government have finally rejected the recommendation of the Foreign Investment Promotion Board to approve the tie-up between the Financial Times and the Business Standard;

(b) if so, the grounds for rejection, indicating the details of the proposals and its merits and demerits;

(c) whether a status paper on the present media scenario incorporating the